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177018

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211



Phone: (803) 737-0800
Fax: (803) 737-0801

DAN E. ARNETT
CHIEF OF STAFF

December 9, 2005

VIA HAND DELIVERY

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210

RECEIVED
2005 DEC - 9 PM 4: 11
SC PUBLIC SERVICE
COMMISSION

Re: Joint Application of Claricom Networks, LLC and Matrix Telecom,
Incorporated for Expedited Approval of the Transfer of Membership
Interests and the Merger of Claricom Networks, LLC and Matrix Telecom,
Incorporated **Docket No. 2005-307-C**

Dear Mr. Terreni:

Enclosed for filing please find the original and sixteen (16) copies of the Settlement Agreement in the above referenced matter. Please date stamp the extra copy enclosed and return it to me in the envelope provided.

Thank you very much for your assistance. Please let me know if you have any questions.

Sincerely,

Jeffrey M. Nelson

JMN/pjm
Enclosures

cc: John J. Pringle, Jr., Esquire

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-307-C

IN RE:

Joint Application of Claricom Networks)	
LLC and Matrix Telecom, Incorporated)	
For Expedited Approval of the Transfer of)	SETTLEMENT AGREEMENT
Membership Interests and the Merger of)	
Claricom Networks, LLC and Matrix)	
Telecom, Incorporated)	

This Settlement Agreement is made by and among the Office of Regulatory Staff of South Carolina (“ORS”) and Claricom Networks, LLC and Matrix Telecom, Inc. (“Applicants”), collectively referred to as the “Parties” or sometimes individually as a “Party.”

WHEREAS Claricom Networks, LLC (“Claricom”) is a Delaware corporation and telephone utility presently certificated for and providing intrastate local exchange and interexchange telecommunications services in South Carolina pursuant to one or more intrastate tariffs on file with the South Carolina Public Service Commission (“Commission”), and;

WHEREAS Matrix Telecom, Inc. (“Matrix”) is a Texas corporation and telephone utility presently certificated for and providing local exchange and intrastate interexchange telecommunications services in South Carolina pursuant to one or more tariffs on file with the Commission, and;

WHEREAS both of the Applicants further provide interstate and international telecommunications services pursuant to the authority granted to them by the Federal Communications Commission, and;

WHEREAS, the Applicants filed an Application before the Commission on October 4, 2005 seeking approval by the Commission under S.C. Code Ann. §§ 58-9-300 (1976) and 58-9-310 (Supp.

2004) of the proposed transfer of all of the membership interests in Claricom to Matrix and of the merger of Claricom with Matrix, and;

WHEREAS, the parties to this Settlement Agreement are the parties of record in the above-captioned docket and there are no other parties of record in this proceeding;

WHEREAS, the Parties have engaged in discussions, most recently on December 7, 2005, to determine if a settlement of this proceeding would be in their best interest;

WHEREAS, following these discussions the Parties determined that their interest and the interests of the Public would be best served by settling the above captioned case under the terms and conditions set forth below:

1. The Parties stipulate and agree that Stacom Holdings, LLC ("Stacom") is the current holder of 100% of the membership interests of the Applicant Claricom and that EnergyTRACS Acquisition Corp. ("ETAC") is the holder or owner of all of the issued and outstanding stock in Matrix, further that both Stacom and ETAC are wholly-owned subsidiaries of Platinum Equity, LLC, a Delaware Corporation with over 40,000 employees and 600,000 customers. Matrix was acquired by Platinum in 1999 and Claricom in 2001.

2. The parties agree that as Matrix and Claricom provide the same services to the same markets, that their customers can be served more efficiently by combining Matrix and Claricom into one Company.

3. The ORS finds that the proposed merger is in the best interest of the public and the current customers of the Applicants, and hereby agrees to the proposed transfer of membership interests of Claricom from Stacom to Platinum, which will then transfer those interests to ETAC. ETAC will then transfer the membership interests of Claricom to Matrix. Claricom will then be

merged with and into Matrix, which will be the surviving entity. The ORS further agrees to the completion of these transfers on December 31, 2005 at 11:59 p.m.

4. The Applicants stipulate and hereby agree that there will be no change to the rates, terms, or conditions of service to the customers of Claricom or Matrix as a result of the transaction.

5. The parties find and hereby stipulate and agree that the Commission's approval of this application will permit Matrix to realize economic and marketing efficiencies which will enhance its ability to compete more effectively in the telecommunications market. As this transaction should permit Matrix to more readily increase in size and profitability due to enhanced economies of scale, it should thereby promote competition in the telecommunications market in South Carolina.

6. The Applicants agree that the surviving entity of the proposed merger, Matrix, will continue to support the Universal Service Fund and will make contributions to the fund in appropriate amounts; including any owed or past due contributions of Claricom at the time of the proposed merger, which the parties agree to be presently approximately \$350.00 per month.

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable, and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission Order issued approving this Settlement Agreement and the terms and conditions contained herein.


8. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit, or impair in any way their arguments or positions they may choose to make in future proceedings. If the Commission should decline to approve the Settlement Agreement in its entirety, then any party desiring to do so may withdraw from the Settlement Agreement without penalty.

9. This Agreement should be interpreted according to South Carolina law.

10. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Settlement Agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

WE AGREE:

Representing and binding the Office of Regulatory Staff.



Florence P. Belser, Esquire
Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, SC 29201
Phone: (803) 737-0863
Fax: (803) 737-0800
E-mail: jnelson@regstaff.sc.gov

WE AGREE:

Representing and binding Claricom Networks, LLC
And Matrix Telecom, Inc.

John J. Pringle, Jr., Esquire
Ellis, Lawhorne & Sims, P.A.
P.O. Box 2285
Columbia, SC 29202
Phone: (803) 254-4190
Fax: (803) 779-4749
E-Mail: jpringle@ellislawhorne.com

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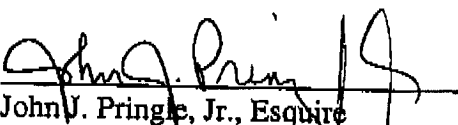
WE AGREE:

Representing and binding the Office of Regulatory Staff.

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WE AGREE:

Representing and binding Claricom Networks, LLC
And Matrix Telecom, Inc.



John J. Pringle, Jr., Esquire
Ellis, Lawhorne & Sims, P.A.
P.O. Box 2285
Columbia, SC 29202
Phone: (803) 254-4190
Fax: (803) 779-4749
E-Mail: jpringle@ellislawhorne.com

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DOCKET NO. 2005-307-C

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Membership Interests and the Merger of)
Claricom Networks, LLC and Matrix)
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CERTIFICATE OF SERVICE

This is to certify that I, Pamela McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

John J. Pringle, Jr., Esquire
Ellis, Lawhorne & Sims, P.A.
P.O. Box 2285
Columbia, SC 29202



Pamela McMullan

December 9, 2005
Columbia, South Carolina